



**HOUSING AUTHORITY
of the County of Los Angeles**

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Executive Director

October 27, 2009

Honorable Board of Commissioners
Housing Authority of the
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Commissioners:

**APPROVE THE AMENDMENT TO THE HOUSING CHOICE VOUCHER
PROGRAM ADMINISTRATIVE PLAN FOR THE HOUSING AUTHORITY OF THE
COUNTY OF LOS ANGELES (ALL DISTRICTS) (3 VOTE)**

SUBJECT

This letter recommends approval of the amendment to the Housing Authority's Administrative Plan for Fiscal Year 2009-2010. The Administrative Plan contains the policies and procedures that govern the Housing Authority's administration of the Housing Choice Voucher (Section 8) program.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the amended Administrative Plan for Fiscal Year 2009-2010 is not subject to the provisions of the California Environmental Quality Act (CEQA) because it will not have the potential for causing a significant effect on the environment.
2. Approve the amended Administrative Plan, as required by the U.S. Department of Housing and Urban Development (HUD), to update the Housing Authority's policies in the Section 8 program Administrative Plan.

PURPOSE AND JUSTIFICATION OF RECOMMENDED ACTION

The purpose of this action is to adopt eight proposed revisions to the Section 8 Program Administrative Plan, which includes the policies and procedures that govern the Housing Authority's administration of Section 8 rental assistance. On April 7, 2009,



your Board instructed the Executive Director to submit a Corrective Action Plan to ensure timely completion of annual reexaminations. On July 7, 2009, the Housing Authority submitted a Corrective Action Plan proposing various improvements, including Administrative Plan revisions and streamlined work processes. The proposed revisions will strengthen regulatory compliance and increase administrative effectiveness and efficiency.

FISCAL IMPACT/FINANCING

There is no impact on the County general fund. Operating funds for the Section 8 Program are allocated through a separate budgetary process.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Title 24 of the Code of Federal Regulations, part 982.54, mandates that public housing authorities adopt a written Administrative Plan that establishes policies for the administration of the Section 8 program in accordance with HUD requirements. The Administrative Plan must state Housing Authority policy on matters for which the Housing Authority has discretion to establish policy. The Administrative Plan and any revisions must be formally adopted by your Board.

The Administrative Plan must be submitted to HUD each year as an attachment to the Annual Plan and at any other time when revisions are necessary. The Administrative Plan was last approved by your Board on March 24, 2009 as an attachment to the Annual Plan. The Housing Authority is proposing eight revisions to the Administrative Plan.

Section 8 Program Proposed Administrative Plan Changes

First, the Housing Authority currently gives applicants and participants a ten-day compliance period for all actions, including the return of all documents, notices to attend scheduled appointments, and to request an informal hearing. To allow additional time for mailing and to assure more applicants and participants are able to comply with program requirements, the Housing Authority will now allow a 15-day compliance period for all actions, including the return of documents, notices to attend scheduled appointments, and requests for informal hearings.

Second, the Housing Authority uses Rentellect, an independent service, to determine rent reasonableness for new units and for rent increase requests. Rentellect utilizes continually refreshed market data and a reliable, commonly-accepted statistical methodology. As a courtesy to landlords, the Housing Authority permits appeals to rent reasonableness determinations from Rentellect if the landlord provides three comparable listings. The listings are then verified by the Housing Authority staff. Rent reasonableness appeals are not required by HUD, and increase administrative burden.

Therefore, the Housing Authority will no longer allow landlords to appeal rent reasonableness decisions.

Third, after the first year of the lease and the HAP contract between landlords and the Housing Authority, participants may move whenever they choose. Many participants move multiple times during the year. Processing requests to move requires a considerable amount of staff time to update income, issue vouchers, conduct unit inspections and execute contracts. Therefore, the Housing Authority will prohibit more than one move within a one-year period. In cases where there is insufficient funding to support moves with continued assistance, requests to move will not be processed until the Housing Authority determines there is sufficient funding to do so. The Housing Authority will make exceptions to these policies for those participants who must move when the landlord terminates the contract, for tenants living in abated units, in cases of life-threatening situations, foreclosure or under provisions of Department of Justice Reauthorization, the Violence Against Women Act of 2005, or other good causes as determined by the Executive Director or his designee.

Fourth, the Housing Authority annually obtains 1,500 credit reports from a random sampling of applicants and participants to enforce compliance with program reporting requirements. The use of credit reports to detect program fraud is not required by HUD and is now unnecessary due to the current availability of HUD's computer matching program, the Enterprise Income Verification (EIV) System. Released in 2006, the EIV System verifies income for participants and identifies applicants and participants who receive assistance from other housing authorities. As of September 2009, EIV also identifies applicants and participants who owe money to housing authorities nationwide. Used in conjunction with information obtained from the Los Angeles County Department of Public Social Services (DPSS) LEADER system and third-party verification, EIV has proven to be far more effective in identifying program fraud than credit reports. The cost of the credit reports and the staff time to review them also result in substantial administrative costs every year. Therefore, in an effort to reduce unnecessary administrative expenses and to free staff time to complete tasks required by HUD, such as annual reexaminations, the Housing Authority will now retrieve credit reports for program applicants and participants on an as-needed basis.

Fifth, the Housing Authority currently allows a participant two missed Housing Quality Standard (HQS) unit inspection appointments before proposing termination of assistance for failure to adhere to program requirements. A participant's failure to be present or to provide a representative to be present for inspection appointments may prevent the Housing Authority from conducting timely HQS inspections. Staff costs increase due to multiple attempts to inspect the unit and the potential hazard to a tenant living in a unit with HQS violations is greater if the Housing Authority cannot conduct a timely inspection. Therefore, to assure timely HQS inspections, to reduce staff costs and to reduce potential hazard to program participants, the Housing Authority will now propose termination of a participant's assistance for failure to be present or to provide a representative to be present for one inspection appointment.

The Housing Authority will not propose termination of assistance if the participant can provide evidence the appointment was missed for good cause. The Housing Authority will also allow a one-time counseling session to participants who miss an HQS inspection. If the participant has been previously counseled for missing an HQS inspection appointment without good cause, the Housing Authority will proceed to propose termination of assistance.

Sixth, the Housing Authority currently receives and processes multiple rent increase requests from many landlords during the course of the year. This requires staff to change information in each household's file several times per year, causing an administrative burden and using resources that could be focused on other required program activities. Therefore, the Housing Authority will now process rent increase requests only with the annual reexamination.

Seventh, the Housing Authority currently allows HAP contracts to continue when a lease has expired and rolls over to a month to month tenancy. However, the lease must be formally extended in order to ensure the contract remains current and valid. Therefore, the Housing Authority will now require tenants and landlords to execute a 12-month lease extension at the time of the annual reexamination to strengthen program compliance and to ensure every contract remains current and valid.

Eighth, while not an item in the CAP submitted to your Board on July 7, 2009, the Housing Authority applied for and was awarded a HUD allocation of 280 Veterans Affairs Supportive Housing (VASH) program vouchers as a result of a motion by your Board on June 17, 2008. In order to properly administer the VASH program in accordance with HUD regulations, the Housing Authority will include the following policies to the Administrative Plan, which are exceptions to the Section 8 program regulations:

- The homeless condition of the referred veteran will be verified by the partnering Veterans Affairs Medical Center (VAMC).
- The Housing Authority may not deny admission to any veteran family referred by the VAMC unless the family fails to qualify under income eligibility rules or a member is subject to a lifetime registration requirement under state sex offender laws.
- Income targeting requirements do not apply to VASH applicants; however the Housing Authority may use the admission of an extremely low-income VASH applicant toward the income targeting goal for the applicable fiscal year.
- VASH vouchers will have an initial search time of no less than 120 days.
- VASH participants may enter leases for a term of less than one year.
- VASH vouchers may be used in a unit owned by Veterans Affairs on the grounds of the VAMC.

- VASH families may use the voucher under portability:
 - Before leasing in the Housing Authority's jurisdiction, even if they did not live or work in the jurisdiction at the time of application; and
 - If the receiving housing authority has an available VASH voucher and the partnering VAMC is able to serve them; or
 - If the VAMC partnering with the Housing Authority will still serve the family while they reside with the receiving housing authority.
- A VASH participant's assistance will be terminated if they fail to participate in case management by the VAMC.
- A VASH participant may continue to be assisted if the VAMC has determined the family no longer needs case management services.
- If the Housing Authority denies assistance to a VASH applicant, a copy of the denial notice will be sent to HUD Headquarters, Office of Public and Indian Housing.

On August 26, 2009, the Housing Commission recommended approval of the proposed amendments to the Administrative Plan.

Waiting List Closure

The Administrative Plan approved by your Board currently contains a policy allowing the Housing Authority to close its waiting list when necessary. The Housing Authority will close the Section 8 waiting list on after advertising the closure for 30 days major newspapers in accordance with current Administrative Plan policy. On March 24, 2009, your Board delegated authority to the Executive Director to implement the Administrative Plan. Accordingly, your Board does not need to take formal action to close the waiting list.

The majority of housing authorities in Los Angeles County maintain closed waiting lists. Besides our Housing Authority and the six small housing authorities we administer, the Housing Authorities of Redondo Beach and Pico Rivera maintain an open waiting list. The Housing Authorities of Burbank, Glendale, Compton, Culver City, Baldwin Park, Hawaiian Gardens, Hawthorne, Inglewood, Long Beach, Los Angeles City, Norwalk, Pasadena, Pomona, Santa Monica, South Gate and Torrance all maintain closed waiting lists.

The Housing Authority's waiting list currently has over 160,000 applicants of which 46,000 live or work in the Housing Authority's jurisdiction and 114,000 live or work outside of the Housing Authority's jurisdiction. The waiting time is seven years for applicants in the Housing Authority's jurisdiction and 31 years for applicants outside the Housing Authority's jurisdiction. Maintaining an open waiting list of this size creates a burden on limited program resources, including higher costs for a larger computer network, maintenance and support for the network and associated applications, as well as additional staff time answering calls and letters from applicants on the waiting list and data entry for address changes.

In the Section Eight Management Assessment Program (SEMAP) Confirmatory Review report, issued March 26, 2009, HUD stated that closing the waiting list would eliminate unnecessary application processing costs, allow staff to devote more time to other important program activities and would prevent false hope among families that assistance would be available in the near future. HUD further recommended that the Housing Authority close its waiting list if there are insufficient funds to assist all applicants within 12 to 24 months.

Therefore, in accordance with HUD recommendation, and to reduce extensive administrative processes and related expenses, the Housing Authority will now close its waiting list to focus on other important program activities, such as annual reexaminations. The Housing Authority will regularly evaluate the waiting list and will reopen the waiting list when deemed necessary to properly utilize all program funds, based on HUD guidelines.

ENVIRONMENTAL DOCUMENTATION

These activities are exempt from the provisions of the National Environmental Policy Act (NEPA) pursuant to 24 Code of Federal Regulations, Part 58, Section 58.34 (a)(3), because they involve administrative activities that will not have a physical impact on or result in any physical changes to the environment. The activities are also not subject to the provisions of CEQA pursuant to State CEQA Guidelines 15060(c)(3) and 15378, because they are not defined as a project under CEQA and do not have the potential for causing a significant effect on the environment.

IMPACT ON CURRENT PROGRAMS

The proposed amendments to the Administrative Plan will strengthen regulatory compliance and administrative effectiveness through streamlined work processes.

Respectfully submitted,


for SEAN ROGAN
Executive Director

cc: Chief Executive Officer
Acting County Counsel
Executive Officer, Board of Supervisors